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October 24, 2011

TRC Solutions Project No. 182978

Mr. Gary Moore
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**Re: Weekly Progress Report
Falcon Refinery Superfund Site
Ingleside, San Patricio County, Texas
TXD 086 278 058**

Dear Mr. Moore:

On behalf of the National Oil Recovery Corporation (NORCO), TRC Solutions (TRC) submits this Weekly Progress Report on the Removal Action Activities at the Falcon Refinery Federal Superfund Site to the United States Environmental Protection Agency for your review.

If you have any questions, comments, or concerns, please do not hesitate to contact me at (512) 699-9931.

Sincerely,
TRC

Alonzo G. Arredondo
Senior Geologist

Attachment: Weekly Progress Report
cc: National Oil Recovery Corporation

WEEKLY PROGRESS REPORT - Falcon Refinery Federal Superfund Site, Ingleside, TX;

1. COMPLETED PROJECT ACTIVITIES TO DATE

The project activities completed to date are listed below.

A. Removal of Sludge and Demolition of Tanks

Tanks completed to date are located in Area of Concern 1N (AOC 1N) and the Falcon Refinery.

The activities completed for tanks listed below include removal and transfer of sludge, decontamination, demolition and/or the removal/transportation of the tanks from the Falcon Refinery to Commercial Metals (CMC recycling) in Corpus Christi, TX:

- Tank Y1 – The liquids from this tank were removed.
- Tank 2 - The tank was removed from the property and recycled.
- Tank X1 - The tank was removed from the property and recycled.
- Tank X2 - The tank was removed from the property and recycled.
- Tank X3 - The tank was removed from the property and recycled.
- Tank 17 - The tank was removed from the property and recycled. The waste is being managed on site.
- Tank 18 - The tank was removed from the property and recycled. The waste is being managed on site.
- Tank 19 - The tank was removed from the property and recycled. The waste has been placed in a box.
- Tank 21 - The tank was removed and recycled. The waste is being managed on site.
- Tank 22 - The tank was removed and recycled. The waste has been placed in a box.
- Tank 23 - The tank was removed and recycled. The waste is being managed on site.
- Tank 24 - The tank was removed and recycled. The waste is being managed on site.
- Tank 27 – Tank bottoms in this tank has been removed. The floor and lower side walls have been cleaned to facilitate inspection.

B. Sampling and Waste Characterization

Water samples were collected on May 10, 2011 from Tanks 20, 2 and 27 and submitted for chemical analysis.

Water samples were collected from Tanks 26, 10, 30 & 7 and submitted for chemical analysis on May 20, 2011.

A water sample was collected from Tank 26 for the purpose of characterizing the water for waste water treatment on July 26, 2011.

Preliminary sampling of Tanks 17, 18, 19, 20, 21, 22, 23, & 24 was conducted for the purpose of characterizing waste on September 9, 2011. Additional sampling for characterizing waste was conducted on September 22, 2011. Sample results were received on September 29, 2011.

A one-time shipment number for the transportation and disposal of the caustic material in Tank 20 has been received from the TCEQ.

A composite sample comprised of tank bottom sludge was collected from the north and south man-ways of Tank 30 on October 5, 2011 for the purpose of characterizing the waste in that tank. The analyses were received on October 19, 2011.

C. Demolition / Relocation of Structures

A small structure was moved to facilitate access to Tanks 17 - 24 by the shear and 18-wheeler.

Pipes were removed to facilitate access to Tanks 19, 20 and 24.

2. PROJECT ACTIVITIES TO BE COMPLETED - (*Projected Schedule/ Established Deadlines to be developed*)

A. Removal of Tank Tops

Removal of tank tops will continue next week for those tanks described below:

- Tank 17 - This tank has been topped, removed and recycled.
- Tank 18 - This tank has been topped, removed and recycled.
- Tank 19 - This tank has been topped, removed and recycled.
- Tank 20 - This tank will be topped, removed and recycled on the week of October 24-28, 2011.
- Tank 21 - This tank has been topped, removed and recycled.
- Tank 22 - This tank has been topped, removed and recycled.
- Tank 23 - This tank has been topped, removed and recycled.
- Tank 24 - This tank has been topped, removed and recycled.
- Tank Y1- This tank is scheduled to be demolished on October 24-28, 2011

B. Removal and Transfer of sludge to Tank 26 or Offsite Disposal Facility

- Tank 27 sludge removal: This tank floor and lower walls have been cleaned.

- Tank 10 sludge removal: Activities continue to remove sludge from this tank with the use of two vacuum trucks.
- Tank 17, 18, 19, 21, 22, 23 and 24 sludge removal / demolition: Activities continue to manage the waste onsite before transporting it for disposal at an offsite facility;
- Tank 30 sludge removal: A cost proposal to complete the removal of sludge from this tank has been requested from the contractor. We anticipate receiving a proposal by October 24-28, 2011.
- Tank 7 sludge removal: A cost proposal to complete the removal of water and sludge from this tank has been requested from the contractor. We anticipate receiving a proposal by October 24-28, 2011.
- Tank 20 – This tank is scheduled for the removal of the top on October 24-28, 2011.
- Tank 22 - Waste from this tank has been placed into a box for disposal. The waste from this tank is scheduled for transportation and disposal on October 24-28, 2011.
- Tank N1 sludge removal / demolition: This tank is under evaluation.
- Tank N2 sludge removal / demolition: This tank is under evaluation.
- Tank Y1 sludge removal / demolition: The removal of water and sludge is currently underway.

C. Treatment of Water in Tank 26

We are currently waiting for a formal response from the TCEQ on their review of a waste water discharge permit that has been submitted on behalf of the Falcon Refinery.

3. COMPLETED PROJECT ACTIVITIES FOR WEEK OF OCTOBER 17-21, 2011

A. Removal of Tank Bottoms

The removal of tank bottoms from the refinery tanks was completed this week for the tank(s) listed below:

- Tank Y1 – The removal of liquid from this tank was initiated on October 21, 2011.
- Tank 24 – The bottoms were transferred into the bottom of Tank 21 on October 19, 2011.

B. Demolition and Recycling

The demolition and recycling of the tanks listed below has been completed. The tanks were sheared, loaded into an 18-wheeler at the Falcon Refinery and transported to a

recycling facility on Agnes Street in Corpus Christi, TX (Commercial Metals - CMC recycling).

- Tank 17
- Tank 18
- Tank 19
- Tank 21
- Tank 22
- Tank 23
- Tank 24

C. Sampling and Waste Characterization

Tank 30 - A composite sample comprised of tank bottom sludge from Tank 30 was collected on October 5, 2011 for the purpose of characterizing the waste in the tank. The sample was collected from the north and south man ways of the tank and submitted for chemical analysis. The waste characterization analyses were received on October 19, 2011.

4. ACTIVITIES PLANNED FOR NEXT WEEK – OCTOBER 24-28, 2011

A. Tank Bottom Sludge Removal

- Tank 10 – We plan to continue with the removal of tank bottom sludge;
- Tank 17 - We plan to manage the waste onsite in Tank 21 until we transport and dispose of it at an offsite facility;
- Tank 18 - We plan to manage the waste onsite in Tank 21 until we transport and dispose of it at an offsite facility;
- Tank 19 – We plan to manage the waste onsite in a box until we transport and dispose of it at an offsite facility;
- Tank 20 – We plan to remove the caustic sludge and transport the material to an offsite facility for treatment and disposal;
- Tank 21 - We plan to manage the waste onsite in this tank until we transport and dispose of it at an offsite facility;

- Tank 22 - We plan to manage the waste onsite in a box until we transport and dispose of it at an offsite facility;
- Tank 23 - We plan to manage the waste onsite in Tank 21 until we transport and dispose of it at an offsite facility;
- Tank 24 – We plan to manage the waste onsite in Tank 21 until we transport and dispose of it at an offsite facility;

B. Removal of Tank Tops & Sludge Removal

- We plan to begin the removal of caustic material from Tank 20 and dispose of it at the U.S. Ecology facility in Robstown, TX.
- We plan to remove and dispose of tank metal bottoms and solids from Tank 21 on October 24--28, 2011.

C. Disposal of Sludge, Metal and Sediment

The material that includes metal, dry sediment and K-169 listed waste which is above the universal treatment standards will be transported, thermally desorbed and disposed of at U.S. Ecology. This material includes the metal from Tanks 17, 18, 19, 21, 22, 23 and 24.

The waste solids and caustic material in Tank 20 will be sent to U.S. Ecology for treatment and thermal desorption on October 24-28, 2011.

D. Disposal of Fiberglass Insulation from Tank 20 and Tank 24

Fiberglass insulation that is part of Tank 20 and Tank 24 has been placed in a box that is at the facility. That material has been classified as Class II non-hazardous waste. The material will be transported to Republic Services' BFI-EI Centro Facility in Robstown, TX for disposal.

E. Recycling of Aluminum from Insulation Shroud

The aluminum that comprises the shroud that insulates Tank 20 will be transported for recycling in Corpus Christi, TX.

5. ISSUES ENCOUNTERED

- Tank 10 - We plan to continue with the removal and transfer of tank bottom sludge We are washing the tank floor in places.

- Treatment of Water - We have evaluated the groundwater conditions at the site and plan to demonstrate that groundwater is deeper than the depth at which the TCEQ has opined. This effort will support granting an approval of the waste water permit for the treatment and discharge of water in Tank 26.
- Removal of the small Tanks N1, N2 & Y1 will be evaluated;
- Butane Tank – This tank has been scheduled for assessment of its contents.
- Disposal of Large Aluminum Roof Material *via* Macro-Encapsulation – We have been notified that this material cannot be treated by thermal desorption because the pieces are too large to be transferred by the auger into an incinerator. The approved alternative recommended by U.S. Ecology is to emplace the material into a 25 cu yd bag for disposal into the landfill. The material must be emplaced into a bag at the Falcon Refinery site then transferred to U.S. Ecology's site for inspection and disposal. The quantities are yet to be determined.